



MEMORANDUM

TO: Dennis Fay
Alameda County Congestion Management Agency
FROM: CJ Strategies
RE: Legislative Update
DATE: July 6, 2009

The Senate returns this afternoon and the House will return tomorrow from the July 4th recess. Health care reform, appropriations bills, and the Sotomayor confirmation will take priority in July. In addition, Congress will have to address the Highway Trust Fund shortfall.

Surface Transportation Reauthorization

The House Transportation and Infrastructure Subcommittee on Highways and Transit marked up its surface transportation authorization proposal last week, despite the Administration's call for an 18 month extension. (Senator Boxer supports an 18-month extension)

Chairman Oberstar's (D-MN) proposal would provide \$450 billion for surface transportation programs and an additional \$50 billion for high-speed rail: including \$337.4 billion for the highway program, \$99.8 billion for public transportation and \$12.6 billion for highway and motor carrier safety.

The bill restructures surface transportation planning by eliminating more than 75 programs, and consolidates the majority of highway funding into four categories: repairing highways and bridges; improving highway safety; developing new and improved capacity; and reducing congestion and greenhouse gases. The legislation would create a National Infrastructure Bank to pay for projects that improve mobility in metropolitan areas, advance high-speed rail initiatives, and fund projects of national significance. While funding will be included for member earmarks and funding formulas, a large portion would be tied to meeting performance benchmarks.

No amendments were offered at subcommittee markup. Chairman Oberstar asked that members wait until full committee markup in July.

Two Ways and Means subcommittees held a joint hearing on infrastructure financing last week. Chairman Oberstar hopes to have a revenue title from Ways and Means before full committee markup.

Regardless, the Highway Trust Fund will face a shortfall this summer. Congress will have to transfer \$5 to \$7 billion in order for the fund to stay solvent.

Short-term Extension Proposal

As noted above, the Administration is pushing for an 18-month extension of current law. The Department of Transportation sent a memo on July 1 to congressional committees stating that the Highway Trust Fund will need \$20 billion to remain solvent through March 2011. The department proposed borrowing \$20 billion from the Treasury's general fund, to be repaid over 10 years, but it did not recommend specific spending cuts or revenue raisers to offset the funding over the coming decade.

The memo also included several reforms the administration would like to include in the extension. It calls for \$300 million to help states and metropolitan planning organizations evaluate their transportation systems and would also provide \$10 million to help DOT "develop performance goals and establish guidelines for states and localities on project evaluation." The document also proposes helping states and localities develop guidelines for projects that promote livability, which could mean tying transportation to business and housing development or integrating more walking and biking paths.

Chairman Oberstar is opposed to an extension and is continuing to move ahead with a long-term bill. He continues to argue that a short-term extension does not offer states the same funding certainty that a long-term authorization achieves.

Chairwoman Boxer supports an extension, but does not want to include any reforms in a short-term measure, stating that reforms could only endanger the measure's passage before the August recess. She has said her EPW Committee could markup an 18-month extension as early as the week of July 20.

Climate Change

The House passed the American Clean Energy and Security Act (HR 2454) on Friday afternoon by a vote of 219-212, with eight Republican supporting. Forty-four Democrats voted against the bill (including Rep. Stark). The vote marks the first time either chamber has passed a bill to cap the emissions of greenhouse gases that trigger global warming. The bill would limit emissions at 17 % below current levels in 2020, 42 % in 2030 and 83 % in 2050.

The bill would also allow companies such as electric utilities, refineries, and factories to buy and sell pollution allowances and get credit for funding special projects to reduce emissions on farms and in forests. The legislation would require utilities to produce 15 % of the nation's electricity from renewable sources by 2020, with another 5 % energy savings from efficiency. States could petition to bring the renewable mandate down to 12 %, with 8 % from efficiency.

The final bill included a manager's amendment that was released early Friday morning. The amendment would make changes to the bill's renewable electricity standard; provide the Federal Energy Regulatory Commission authority over the siting of high-priority transmission lines in the West; direct the secretary of agriculture to establish an emissions offset program for agriculture and forests; and specifically exempt the agriculture and forestry sector from the bill's emissions caps. It would also establish a renewable electricity standard for federal agencies.

Senate Action

The bill passed Friday was the product of months of negotiations with members in both industrial and rural districts. It faces even tougher odds in the Senate, where similar disputes

among moderate Democrats are expected and where some Republican support will probably be needed.

Senate leadership has a goal of markup by August recess. Majority Leader Reid has set a deadline of September 15, for the various committees of jurisdiction (Finance, Foreign Relations, and Agriculture) to markup their sections of the bill. Chairwoman Boxer plans to start markup of the bill soon after Congress returns from the Fourth of July recess, and Majority Leader Reid (D-NV) intends to bring it to the floor this fall. Reid has asked Senate Agriculture Chairman Tom Harkin (D-IA) to find out how to win support from his panel, in an attempt to head off the kind of opposition from farm state lawmakers that delayed the House bill.

Appropriations

The House Subcommittee on Transportation Appropriations has scheduled its markup for July 15. Full committee is scheduled for July 21. The full House would take up the bill the week of July 27th.

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